

INCOMING TELEGRAM

Department of State

TELEGRAPH BRANCH

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NO: 419, July 18, 8 p.m.

EXCON

Re: DEPTELS 45, July 2, and 697, May 24.

In addition to international list items which US del understands already being given priority for revision intelligence data (para C, EMBTEL 386, July 17), US del suggests special effort be made on fol items:

(A) In metalworking machinery category (2,000), items 16 and 36 and fol quota items: 7, 17, 50, 51, 66 (b) and 72. In general, we feel priority for this group less important than some others.

(B) In chemical equipment category, recommend additional study on bloc situation re corrosion-resistant materials (i.e., determination how general shortage may affect items in this field).

(C) In electrical equipment category, where 2265 already given priority, recommend special study on marine propulsion equipment (covering items 50, 55 and 60) and study on medium size diesels (item 51).

(D) In transport equipment category, believe studies on locomotives and rails shld cover all sizes and types (not merely those on List III). On ships, believe study cover all countries (not merely COCOM PC's) and shld if possible develop a rationale for quantity control (e.g., determination of tonnage, by major types, which old be supplied to bloc annually, given rate of obsolescence bloc fleet, without materially improving its present size, composition and age).

(E) Re metals and minerals, in addition to bearings and lead, recommend special studies on aluminum, ferro chrome and seamless steel pipe.

(F) Recommend special study on tires and tubes (2820-21) with particular reference medium and small sizes and strategic significance of continued west exports of tires for vehicles (especially automobiles) of west origin.

2. Difficult

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2. Difficult select items in view variety of possible objectives in connection List II controls, such as:

(A) Desire to strengthen arguments for tighter quota control or upgrading from List III in some cases;

(B) Desire to convert 3-D treatment to quota basis in some cases if possible, especially where compromise 3-D control has been agreed.

(C) Desire be better prepared prevent too large exports 3-D items or exports 3-D items or exports in excess of quotas-- without knowing what items may be subject greatest pressure; and

(D) Desire locate those items for which existing control is more than adequate so that whatever leeway exists may be used to our advantage in COCOM negotiations, permitting better results on items where there will be real effect on bloc potential.

3. Experience in COCOM discussions shows PC's definitely respect and are persuaded by whatever solid facts we can present re situation in Soviet bloc. On other hand, when their direct economic interests involved, they are especially critical of conclusions we may attempt to draw from scanty evidence or from hypotheses. From this we conclude that best use will be made of time available to intelligence agencies if they drop any project when it becomes clear that end result of much labor wld be largely argument with little factual foundation. We also believe that, for practical use with other PC's, brief objective case is vastly preferable to lengthy presentation of scattered, indeterminate evidence. To be effective, intelligence data usually must be put into COCOM documents (and translated) for transmittal to govts, hence concise and convincing statement needed.

4. Either in connection intelligence studies or in technical studies on strategic uses, etc., fol types of info shld be provided whenever possible, even though may not (rpt not) be made use of in COCOM:

(A) Current typical or average prices in free world for the item and its major varieties and qualities (preferably European).

(B) Same type info re prices which bloc has offered or paid, both (A) and (B) are almost essential in evaluating significance of any arguments advanced by other PC's re quotas, quid pro quo, etc.

(C) Specific quantity info re individual items; statistics or at least estimates on bloc production, consumption, requirements, stocks and trade. If such info lacking, useful have similar data

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for one or more major industrial countries in west, other than US.

(D) Specific illustrations of strategic importance in actual practice, e.g., use which bloc is putting specific imports, or how its own production of same item being used. In same vein, useful illustrate significance of given quantities (e.g., the COM quotas) by showing what can be done or is being done with such amounts.

5. Where info shows that bloc has offered or supplied west with items on strategic lists, US del wld appreciate being informed and having intelligence and technical evaluation of significance such offers.

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